

COMMISSION OF THE EUROPEAN COMMUNITIES

COM(77) 367 final.

Brussels, July 20, 1977

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Commission communication to the Council

concerning the negotiations between the European Economic
Community and the Republic of Cyprus for the conclusion of an
Additional Protocol and a Financial Protocol

COUNCIL REGULATION(EEC)

concluding the Financial Protocol and the additional Protocol
to the Agreement establishing an association between the
European Economic Community and the Republic of Cyprus

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1. The negotiations between the European Economic Community and the Republic of Cyprus for the conclusion of an Additional Protocol to the Agreement establishing an association between the European Economic Community and the Republic of Cyprus, and a Financial Protocol, were completed in Brussels on 22 June 1977.

The texts of the two draft Protocols, a Declaration in the form of an annex and an Exchange of Letters to be annexed to the Final Act, and an exchange of letters for publication in the Official Journal of the European Communities are referred to in the enclosed exchange of letters, dated 29 June 1977, between the Heads of Delegation, who recorded their agreement ad referendum with the content of the documents.

2. These texts embody the results of the negotiations carried out in accordance with the Council directives of May 1977.

However, as regards the tariff reductions on goods of Community origin imported into Cyprus, the Cypriot delegation stressed the current very special situation of industry in Cyprus and asked that reductions smaller than those specified in the Council Directive might be applied to imports from the Community.

In connection with the Financial Protocol the Cypriot delegation urged that the interest rate on the special loans be reduced from 2.5% to 1%, and that any reference to the complementarity of Cypriot and Community agriculture in connection with the use of finance to modernize the agricultural sector be omitted.

3. The Cypriot delegation also expressed disappointment that the Community had not been able to make an offer in the agricultural sector in accordance with the Declaration annexed to the Agreement. The delegation emphasized the importance of a satisfactory arrangement in this sector to the economy of Cyprus as a whole, and said that such an arrangement should take account of both the elimination of the Commonwealth system and the EEC's overall approach.

4. The Commission recommends that the Council approve the outcome of these negotiations and apply the procedures for the signature and conclusion of the Protocols with Cyprus.

To this end the Commission is transmitting to the Council a recommendation for a Regulation concluding the Protocols and adopting implementing provisions, and the texts of the Protocols and Annex.